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**Items for information: international merchandise trade statistics**

# International merchandise trade statistics

## Report of the Secretary-General

*Summary*

The present report was prepared at the request of the Statistical Commission at its forty-second session (see E/2011/24, chap. I.A). The report provides a description of the activities undertaken in response to the requests made by the Commission regarding the implementation of the new recommendations for collection and compilation of international merchandise trade statistics, as contained in *International Merchandise Trade Statistics: Concepts and Definitions, 2010*. The report presents the draft *International Merchandise Trade Statistics: Compilers Manual, Rev.1*, which is available as a background document. The compilers manual was prepared by the Statistics Division through global consultation and with the support of experts from national statistical offices, national customs administrations and international organizations. The Commission may wish to take note of this report.

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# I. Introduction

1. At its forty-first session, the Statistical Commission adopted *International Merchandise Trade Statistics: Concepts And Definitions, 2010* (IMTS 2010)[1] and endorsed the proposed implementation programme, including the preparation of the revision of *International Merchandise Trade Statistics: Compilers Manual*[2] and supporting technical assistance activities (see E/2010/24, chap. I.B, decision 41/103, para. (b)). In the same decision (para. (c)), the Commission requested the Expert Group on International Merchandise Trade Statistics and the Task Force on International Merchandise Trade Statistics to continue their work, focus on the implementation of IMTS 2010 and give due consideration to national circumstances, the harmonization of national and regional compilation practices and the conduct of related comparison studies.

2. The Commission requested that greater attention be given to the strengthening of institutional arrangements in countries to ensure that proper national coordination mechanisms existed for the compilation of high-quality international merchandise trade statistics; and also requested that cooperation be ensured with compilers of statistics on international trade in services, the balance of payments and national accounts (decision 41/103, para. (d)).

3. Also in decision 41/103, the Commission recognized the importance of the United Nations Commodity Trade Statistics Database (UN Comtrade) as the global database and information platform on international merchandise trade and requested the Statistics Division to enhance its features and metadata (para. (c)); and advised that, in the future research agenda, due consideration should be given to emerging trade policy needs and globalization issues and in that context, also advised that linkage with business statistics and measuring merchandise trade in terms of value added be further explored.

4. The present report describes the activities carried out in response to the Commission's requests (sect. II); provides an overview of the revised compilation guidance (sect. III); and outlines the further implementation programme regarding the new recommendations on international merchandise trade statistics, including linking of trade and business statistics and the development of practical guidance for the calculation of external trade indices. The concluding section highlights key elements of the report's response to the Commission's request.

# II. Activities carried out in response to the decision of the Commission

## A. Questionnaire on the plans for implementation of IMTS 2010

5. As a first response to the Commission's requests, the Statistics Division, in May 2010, informed countries about the newly adopted international recommendations contained in IMTS 2010 while strongly encouraging them to establish implementation plans, including efficient and coordinated institutional arrangements. The Statistics Division attached a short survey on IMTS 2010

[1] Series M, No. 52/Rev.3 (United Nations publication, Sales No. E.10.XVII.13).

[2] Series F, No. 87 (United Nations publication, Sales No. E.02.XVII.17).

implementation, to which a total of 100 countries had replied. Almost one third of countries expected to implement most of the new recommendations for reporting year 2011 and another third for reporting year 2012. Countries pointed out that, in particular, cooperation with other agencies and guidance on how to implement the recommendations were critical factors for successful implementation. They stressed the importance of the revised Compilers Manual.[3]

## B. Revision of the IMTS Compilers Manual

6. The IMTS Compilers Manual, developed by the Statistics Division and the Expert Group on International Merchandise Trade Statistics, contains revised compilation guidance for international merchandise trade statistics. A draft is provided for information as a background document to this report.

*Expert Group on International Merchandise Trade Statistics (EG-IMTS)*

7. The Expert Group, which consists of merchandise trade experts from developed and developing countries and from international organizations, developed the outline of the Compilers Manual during 2010, and agreed on the contents of its individual chapters at its first virtual meeting, held from 12 January to 28 February 2011.[4] The Statistics Division then drafted the chapters of the Manual and organized two more virtual meetings with the Expert Group to discuss the first two sets of draft chapters. Many members of the Expert Group contributed actively by providing examples, draft text and comments. At its fourth and final virtual meeting, held in mid-December 2011, the Expert Group endorsed the draft IMTS Compilers Manual, subject to adoption of several agreed amendments and clarifications. The Task Force on International Merchandise Trade Statistics was informed of work conducted at all stages of the drafting process. Task Force members also reviewed, commented on and contributed to the draft chapters during the virtual meetings.

*Worldwide consultation with countries*

8. A worldwide consultation on the draft annotated outline of the IMTS Compilers Manual was held between March and May 2011. A total of 86 countries (or areas) participated in this consultation and completed the questionnaire. The results showed that the overwhelming majority of countries approved of the suggested contents of the individual chapters. Comments were provided by a majority of the participating countries which often gave very detailed feedback on the different chapters and on individual issues. The comments were an important and useful input to, and a source of guidance for, the drafting process.[5]

[3] The detailed report on the responses to the Statistics Division questionnaire on plans in respect of IMTS 2010 implementation is available from http://unstats.un.org/unsd/trade/EG-IMTS/EG-IMTS%20web%20announcement.htm.

[4] The virtual meeting is conducted as an electronic discussion over a set time period. For more details, see report of the first virtual meeting on the update of the IMTS Compilers Manual, 12 January-28 February 2011, also available from http://unstats.un.org/unsd/trade/EG-IMTS/EG-IMTS%20web%20announcement.htm.

[5] See report on the results of the worldwide consultation on the annotated draft outline of the updated IMTS Compilers Manual, also available from http://unstats.un.org/unsd/trade/EG-IMTS/EG-IMTS%20web%20announcement.htm.

*Meeting on compilation issues in December 2011*

9. A meeting on compilation issues of IMTS, held in Mexico City from 6 to 9 December 2011, brought together compilers from developed and developing countries and from international organizations to review all the draft chapters of the revised Manual and to provide further comments and suggestions, including examples, for its improvement.

## C. Request for additional data items and update of UN Comtrade

10. Following the adoption of IMTS 2010, the Statistics Division and the Organization for Economic Cooperation and Development (OECD) revised their data request to countries[6] so as to allow for inclusion of the following four new data items: (a) country of consignment as second partner country or area, (b) imports free on board (f.o.b.) as second value for imports, (c) mode of transport and (d) customs procedure code (or applicable transaction code).[7] The Statistics Division is in the process of upgrading its UN Comtrade database in order to accommodate these new data items. Details on their dissemination and presentation will be further discussed with the Expert Group and the Task Force.

11. The impact of the financial crises on global trade highlighted the need for short-term analysis of specific trade flows. In this respect, many countries already release detailed monthly trade data, but these data are not readily available at the global level and in the same standardized way as the annual data. To meet this user demand, the Statistics Division requested countries in April 2010 to (a) make available detailed trade data for each of the first three months of 2010 for testing purposes and (b) supply such detailed trade data on a regular basis beginning with data for January 2011. A total of 88 countries responded positively to this initiative. The Statistics Division established a pilot processing and dissemination system and now processes a selected list of countries on a regular basis. Disseminated monthly trade data, with the same quality and functionality as are associated with the UN Comtrade system are expected to become available to the general public by 2013-2014.

## D. Global Forum on Trade Statistics, seminars and workshops

12. In February 2011, the Statistics Division and Eurostat, in collaboration with the World Trade Organization and the United Nations Conference on Trade and Development (UNCTAD), organized the Global Forum on Trade Statistics on the premises of the World Trade Organization in Geneva.[8] The event brought together almost 200 policymakers, researchers and trade statisticians from over 70 countries.

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[6] The United Nations Statistics Division and the Organization for Economic Cooperation and Development (OECD) cooperate in the collection of annual merchandise trade data. OECD requests the data from its member countries and immediately forwards the data received to the Statistics Division.

[7] The revised data request is available from the Statistics Division website at http://unstats.un.org/unsd/trade/IMTS/datacollection.htm.

[8] Detailed documentation, prepared by the Statistics Division, Eurostat, the World Trade Organization and OECD, is available from http://unstats.un.org/unsd/trade/s_geneva2011/outcome.htm.

The Global Forum followed up on the Statistical Commission's 2010 decisions and made explicit recommendations with respect to improving the relevance of international trade statistics. Relevance could be enhanced through good-quality and more detailed statistics of international trade in services, by connecting and integrating trade statistics with other economic statistics and through provision of developing measures for the geographical fragmentation of the production processes. The Forum urged closer cooperation among the national agencies involved in the compilation and dissemination of international trade statistics in realizing these improvements.

13. As a direct follow-up to the Global Forum, the Statistics Division organized regional seminars in Vilnius, in September 2011, and in Beijing, in October 2011, involving the participation of a total of almost 200 statisticians from 41 countries or areas in Eastern and Southern Europe and Asia. The participants at these seminars discussed the new recommendations and their implementation, while also reserving sufficient time to discuss the issues raised at the Global Forum, especially the linking of trade and other economic statistics. In Beijing, special attention was given to the topic of trade in value added and its measurement. The new recommendations of IMTS 2010 were also discussed at a regional workshop, which was jointly organized with the secretariat of the Common Market for Eastern and Southern Africa (COMESA) and held in Lusaka, in November 2010.

## E. Task Force on International Merchandise Trade Statistics

*A vision for trade statistics and the integration of trade and business statistics*

14. At its recent meetings, the Task Force focused on the following issues: implementation of IMTS 2010 and the need to develop the Compilers Manual. There was also a discussion, initiated by the World Trade Organization at the 23 and 24 March 2010 meeting of the Task Force in Beirut and pursued further by the Statistics Division and Eurostat during the preparations of the Global Forum on Trade Statistics, of economic globalization resulting from the geographical fragmentation of the production chains. The emerging need to further develop trade statistics so as to enable better measurement of trade and global production was recognized. In this context and as part of the preparations of the Global Forum, several members of the Task Force agreed on a joint background note dated January 2011 entitled "International trade information systems in 2020" (Vision 2020),[9] which formulated concrete goals for the future of trade statistics, including the integration of statistics of trade in goods and services, and the linking of trade with other economic, social, environment and financial statistics.

15. The Task Force and its members provided relevant inputs to the work of other groups. For instance, the Task Force provided comments on the guide on "The Impact of globalization on national accounts", which had been prepared by a group of experts convened by the Economic Commission for Europe (ECE) with the support of OECD and Eurostat. The Task Force also contributed to the work on trade indices, as it had participated in recent years in the development of the *Export and Import Price Index Manual*. Over the coming years, the Task Force will

[9] Ibid.

continue this work centring on further developments in the area of external trade indices and the use of unit values and trade prices.

16. A very important joint ongoing effort of the Task Force concerns the common data set (CDS), which aims to reconcile the time series on merchandise trade statistics using international standards as a benchmark.[10] The common data set is updated once a year, in the period from October to November. The Task Force noted the need to improve ease of use of the common data set, and to add other features, such as regional groupings (pre-set or dynamic) and other user-defined aggregates.

## III. Overview of the revised compilation guidance

17. The cornerstone of the Statistics Division's action plan for the implementation of IMTS 2010 is the update of the Compilers Manual. The Manual contains further and more detailed explanations of certain recommendations and provides practical guidance for compilers by describing good or best practices applicable under different circumstances. The structure of the new IMTS Compilers Manual is largely similar to that of the original 2004 *Compilers Manual* with needed updates which (a) incorporate guidance on the implementation of new recommendations and supportive suggestions contained in IMTS 2010 and (b) reflect new or updated country practices. The IMTS Compilers Manual, following the logic of the data compilation process, starts with the legal framework and data sources (part I). Part II covers the overall compilation process, while part III deals with compilation issues associated with specific data items and part IV with issues involving specific categories of goods. Dissemination issues are covered in part V on metadata and dissemination and external trade indices and seasonally adjusted data are examined in part VI.

*Part I: Legal framework and data sources*

18. Compared with the corresponding text in the previous Manual, this part provides more detailed information on the establishment and maintenance of a legal framework within which trade statistics are collected, compiled and disseminated, and on the relevant data sources, with country examples. It builds on and supports the new recommendations contained in IMTS 2010 regarding institutional arrangements and data sources.

*Part II: Data compilation*

19. Part II covers core issues associated with the compilation of merchandise trade statistics. Most of the information is new. Among the topics covered are institutional arrangements, integration of data from different sources, data processing, data quality and the integration of trade with business statistics.

*Part III: Compilation of particular data items*

20. Part III describes the compilation of particular data items such as time of recording, commodity classification, valuation, partner country, quantity information and mode of transport. Special emphasis is placed on the compilation of the new

[10] More information can be obtained from the website of the World Trade Organization at http://imits.wto.org/task_e.htm.

data fields introduced through IMTS 2010, such as second partner country, valuation of imports free on board, mode of transport and customs procedure code.

*Part IV: Compilation of data on trade in selected categories of goods*

21. Part IV covers compilation of data for certain categories of goods, such as goods for processing, goods in intra-firm trade, ships and aircraft, and electricity, gas, oil and water, that are either difficult to compile or difficult to identify separately. Some of these categories of goods remain difficult to capture for many countries; in this regard, guidance and examples of the good practices of countries are provided.

*Part V: Metadata and dissemination; and part VI: External trade indices and seasonally adjusted data*

22. Part V describes the contents of metadata for merchandise trade statistics and provides advice, with examples, on how to present and disseminate the metadata; under the topic of dissemination, additional guidance, with examples, on topics such as confidentiality, revision policy and use of technology is provided. Part VI offers informative introductory material, including some examples, for compilers of merchandise trade statistics. Detailed information on these topics was not included in the previous Compilers Manual.

# IV. Programme for the further implementation of IMTS 2010

## A. Increasing the usefulness of international merchandise trade statistics

23. The goal of the implementation of IMTS 2010 is to not only continue to provide international comparable high-quality merchandise trade statistics, but also increase the relevance of trade statistics as a central data source for the analysis of globalization. The first step towards achieving these objectives will be the implementation in respect of the new data items of IMTS 2010, namely, mode of transport, second partner country for imports and exports, imports on a f.o.b. basis in addition to imports c.i.f. (cost, insurance, freight), and the identification of certain trade transactions via customs procedure codes, which will lead to a better understanding of globalization and international trade practices.

24. The second step will entail the linking of trade with business statistics, which opens up the possibility of obtaining trade-related information in many new contexts without increasing the burden on data providers. For example, linking trade and business statistics allows for the analysis of the impact of trade on employment, wages and economic development at national and subnational levels. Another important element in respect of the implementation of IMTS 2010 is the further integration of statistics on trade in goods and services. The Statistics Division is committed to working on these issues in accordance with the conclusions of the Global Forum on Trade Statistics (see sects. II.D and II.E).

## B. Completion of the Compilers Manual and its further development: continued involvement of the Expert Group

25. The Compilers Manual will be completed during 2012 and then submitted for translation and publication. After submission of the manuscript, it is expected that, as new and additional information emerges over time, the description of and guidance on certain issues covered in the Manual will be further improved. Therefore, the Statistics Division plans to establish a website for the updated IMTS Compilers Manual to ensure the continued improvement of the information provided on the various topics. It is expected that more examples and best practices will be added. Further, the establishment of a hotline to field questions on conceptual and compilation issues, and the use of other tools such as e-learning, are being considered. Another important consideration concerns the provision of practical guidance on the calculation of external trade indices that extends beyond what is provided in the IMTS Compilers Manual. The Statistics Division will consult with countries on their specific needs in this respect.

26. To achieve further progress on the implementation programme, the Statistics Division will rely on continued involvement of and contributions from the Expert Group. In this regard, it has been suggested that the terms of reference of the Expert Group be updated so as to reflect future activities and that there be periodic reports back to the Statistical Commission on the work of the Expert Group (see annex for the updated terms of reference).

## C. Technical assistance

27. The Statistics Division is committed to continuing its technical assistance activities, which entail a series of regional workshops and seminars for developing countries focusing on the content of the new recommendations and on practical approaches to their implementation. It is tentatively planned to continue holding two workshops per year and deliver training to the countries that need it most, subject to resource availability. It is expected that some members of the Expert Group and of the Task Force will participate in such workshops as resource persons and share, in that capacity, their country's or their organization's experiences.

## D. Upgrade of UN Comtrade

28. An important activity associated with the implementation of the new IMTS recommendations will be the upgrade by 2013-2014 of UN Comtrade in order to accommodate and to disseminate the new data items. An important component of the upgrade of UN Comtrade will entail the collection and dissemination of monthly and quarterly data, for which a pilot collection and processing system and an initial test dissemination have been established. In addition, the Statistics Division will further strengthen its knowledge base on trade statistics and its function as provider of metadata.

## E. Future research agenda and international cooperation

29. IMTS 2010 and the IMTS Compilers Manual address many issues, several of which are being addressed for the first time in a manual designed for international dissemination. However, certain issues require further research and some issues are beyond the scope of international recommendations and the Compilers Manual. The issues that require further attention include: (a) imbalances in partner statistics, (b) the need for further innovative methods of linking trade and business statistics in the context of an integrated approach to economic statistics, (c) researching ways to assess trade in terms of value added and to clarify the nature of the international production chain, (d) good practices in the compilation of the trade indices and various analytical indicators and (e) identifying possible means of providing better-quantity information.

30. Recognizing the importance of providing more and better information on global trade, the Statistics Division will promote an active exchange of information on best practices, on new or revised classifications, on developments in global processes, and on new research and new publications and reports. The Division is committed to improving this flow of information exchange using its own websites, including the website for the Global Forum on Trade Statistics and the individual websites of the Division's Trade Statistics Branch related to the subject areas of international merchandise trade statistics and statistics of international trade in services. In this respect, the Division's activities will also include the continuing work of both the Expert Group and the Task Force and the promotion of an effective exchange of ideas, and cooperation with statisticians and researchers in related statistical domains.

# V. Conclusions

31. This report offers a response to the requests made by the Statistical Commission at its forty-first session held in 2010. In particular, the following elements can be highlighted:

(a) The *International Merchandise Trade Statistics Compilers Manual, Rev.1*, has been prepared;

(b) There was a continuation of technical assistance activities on International Merchandise Trade Statistics, including a training workshop and two regional seminars;

(c) Special attention has been given in the updated IMTS Compilers Manual and during the training activities to the importance of improved institutional arrangements;

(d) The joint meetings between the Task Force on International Merchandise Trade Statistics and the Task Force on Statistics of International Trade in Services were continued in 2010 and 2011;

(e) The Statistics Division has taken steps towards upgrading its UN Comtrade database, which will include the collection and dissemination of monthly and quarterly trade data;

(f) The Global Forum on Trade Statistics gave due consideration to emerging trade policy needs and globalization issues and explicitly requested that the linking of trade statistics with business statistics be improved. The Global Forum also presented the findings of studies of trade in terms of value added.

32. The Commission is invited to take note of this report.

# Annex

## Updated terms of reference of the United Nations Expert Group on International Merchandise Trade Statistics*

1. The United Nations Expert Group on International Merchandise Trade Statistics has been established to:

(a) Provide guidance on the implementation of the revised recommendations contained in IMTS 2010 pursuant to their adoption by the Statistical Commission;

(b) Assist in the development of further compilation guidance.

2. The United Nations Expert Group on International Merchandise Trade Statistics will be convened by the United Nations Statistics Division.

3. The United Nations Statistics Division, in its capacity as the convener of the United Nations Expert Group on International Merchandise Trade Statistics, will submit to the Statistical Commission periodic progress reports on the revision process and the implementation of the revised recommendations.

* The text of the previous terms of references is contained in document E/CN.3/2008/10, annex.